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## ECONOMIC REVIEW<sup>1</sup>

- The ISM Non-Manufacturing (Services) Index declined to 54.0 in March, lagging the consensus expectation of 54.9 but remaining solidly in expansion territory.
  - The decline in March follows an acceleration in February that saw the index expand at the fastest pace in over three years (56.1), and underlying activity continues to show strength despite uncertainty stemming from the Iran conflict.
  - The major measures of activity were mixed, with business activity declining to 53.9 but new orders jumping to 60.6 – the highest level in more than three years.
- The Personal Consumption Expenditures (PCE) Price Index rose by 0.4% in February, matching expectations and accelerating from January's 0.3% increase. This marked the steepest monthly increase in PCE prices in a year.
  - On an annual basis, PCE rose by 2.8% in February, matching January's reading and expectations.
- Core PCE, which excludes the volatile food and energy categories, rose by 0.4%, matching the previous month's 10-month high.
  - Over the last year, Core PCE decreased to 3% in February from 3.1% in January of 2026.
  - Super Core PCE, which looks at services ex-housing, food, and energy, came in at 3.2%, ticking down from the January reading of 3.3%.
- The Headline Consumer Price Index (CPI) is up 3.3% in the last year, having accelerated rapidly in the last month, as higher energy prices resulting from the closure of the Strait of Hormuz impacted the broader economy.
  - Energy prices rose 10.9% in the last month, meaningfully increasing the headline figure.
- In one bright spot on the inflation front, Core CPI rose just 0.2% in the last month and is up 2.6% in the last year.
  - The increase came entirely from core services as core goods prices remained flat.

### How does the most recent economic data impact you?

- Although investors are beginning to see the impact of the Iran conflict, as March inflation readings capture the rapid rise in energy prices since the Strait's closure, the underlying economic fundamentals remain solid.
  - Core inflation readings appear relatively unaffected at this point, business activity in the services sector is expanding, and new orders indicate a further improving outlook lies ahead.
- The Federal Reserve (Fed) has historically looked past energy price spikes, particularly those it views as stemming from temporary disruptions, but additional rate cuts have likely been pushed back somewhat.



## A LOOK FORWARD<sup>1</sup>

- This week, the Producer Price Index (PPI), existing home sales, import prices, and the Fed's Beige Book highlight the economic calendar.

### How does this week's slate of economic data impact you?

- Producer prices will provide a look upstream at how rising energy costs are impacting wholesale prices, and the Beige Book will take a deep dive into all the critical measures impacting monetary policy decisions.



# MARKET UPDATE<sup>2</sup>

Market Index Returns as of 4/10/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	3.58%	4.45%	-0.07%	28.69%	20.03%	12.17%
NASDAQ	4.68%	6.09%	-1.29%	37.80%	24.81%	11.32%
Dow Jones Industrial Average	3.07%	3.45%	0.15%	21.20%	14.57%	9.30%
Russell Mid-Cap	2.34%	3.47%	4.81%	28.03%	14.76%	7.36%
Russell 2000 (Small Cap)	3.99%	5.40%	6.33%	43.28%	15.37%	4.65%
MSCI EAFE (International)	4.42%	7.42%	6.09%	35.94%	16.02%	8.93%
MSCI Emerging Markets	7.44%	10.85%	10.67%	51.14%	18.58%	5.62%
Bloomberg US Agg Bond	0.33%	0.33%	0.29%	6.48%	3.59%	0.28%
Bloomberg High Yield Corp.	0.90%	1.31%	0.80%	11.08%	8.96%	4.35%
Bloomberg Global Agg	0.88%	1.14%	0.06%	4.31%	2.88%	-1.37%



## OBSERVATIONS

- All major equity indices improved substantially on the week, as news that the U.S., Israel, and Iran had agreed to a ceasefire.
  - Among domestic large-cap indices, the Nasdaq led for the week (4.68%), followed by the S&P 500 (3.58%) and the Dow Jones (3.07%).
- Mid-cap stocks clawed back some ground (2.34%), and small-cap stocks continued their strong performance YTD, improving nearly 4% last week.
- Developed international stocks climbed 4.42%, and emerging markets jumped higher, returning 7.44%.
- Bonds rallied domestically, internationally, and across the credit spectrum, with the U.S. Aggregate Bond Index improving 0.33%, international bonds rising 0.88%, and high-yield corporate bonds returning 0.90%.



## BY THE NUMBERS

**Rory McIlroy Survives a Roller Coaster to Win the Masters Again:** After a tumultuous final round at last year’s Masters, where he coughed up a five-shot lead on the back nine and found himself in a playoff, Rory McIlroy’s caddie reminded him of one important truth: They would have absolutely taken this scenario before the tournament started. McIlroy might have been the defending champion, but he was teetering on the brink of collapse once again. A superstar with a knack for making everything as difficult as possible for himself, the 36-year-old from Northern Ireland held a historic six-stroke lead after the first two rounds, only to let it vanish entirely the next day. Still, going into the final day, he was tied for the lead. The roller coaster continued on Sunday until he suddenly found his swing, right when his chances for back-to-back titles were beginning to fade. And by the time it was over, McIlroy had made history. As he slipped back into his green jacket, he became just the fourth player who could call himself a back-to-back Masters champion.<sup>3</sup>

**Goldman Sachs Reports Record Quarter in Banking and Trading:** Goldman Sachs said its profit jumped 19% in the first quarter, powered by a resurgence in deal activity and volatile markets. But the bank’s stock fell around 3% as investors worried the war in Iran would slow Wall Street’s performance for the rest of the year. Chief Executive David Solomon said he expected companies would still push ahead on plans for dealmaking despite the war-related volatility. Solomon said that the executives he has spoken with “believe they have an opportunity to drive scale and consolidation” that wasn’t possible under the Biden administration. Banks have especially benefited from a growing economy and huge investments into artificial intelligence, which helped spur a rush of deals in the first quarter. It was Goldman’s second-best quarter ever for overall profit and revenue, falling behind only the first quarter of 2021, when a rebound from the Covid-19 pandemic helped turbocharge results.<sup>4</sup>

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## Economic Definitions

**Federal Reserve (Fed):** The Federal Reserve System is the central banking system of the United States of America.

**ISM Services Index:** The Services ISM Report On Business® is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries) this report shows the percentage reporting each response, and the diffusion index. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Orders to the service producers make up about 90 percent of the US economy.

**CPI (headline and core):** Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

**Producer Prices - PPI (headline and core):** Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

**PCE (headline and core):** PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

**Existing Home Sales:** This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services. Foreclosed homes are only counted in the inventory if the bank is working with a realtor. Foreclosed homes that sell via auction (or other closings outside of the Multiple Listing Services) are not included.

**Beige Book:** The Beige Book is a report produced and published by the Federal Reserve. Formally referred to as the Summary of Commentary on Current Economic Conditions, the report is a qualitative review of economic conditions compiled by the 12 district banks in their respective regional economies.

## Index Definitions

**S&P 500:** The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

**NASDAQ:** The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

**Dow Jones Industrial Average:** The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

**Russell Mid-Cap:** Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

**Russell 2000:** The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

**MSCI EAFE:** The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

**MSCI EM:** The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Bloomberg US Agg Bond:** The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

**Bloomberg High Yield Corp:** The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg's EM country definition are excluded.

**Bloomberg Global Agg:** The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**Bloomberg Municipal Bond Index:** The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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<sup>1</sup> Data obtained from Bloomberg as of 4/10/26.

<sup>2</sup> Data obtained from Morningstar as of 4/10/26.

<sup>3</sup> [Rory McIlroy survives a roller coaster to win the Masters again](#)

<sup>4</sup> [Goldman Sachs Reports Record Quarter in Banking and Trading](#)

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